

COUNTY OF LOS ANGELES

MARVIN J. SOUTHARD, D.S.W.
Director

CORA E. FULLMORE, L.C.S.W.
Interim Chief Deputy Director

RODERICK SHANER, M.D.
Medical Director



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DEPARTMENT OF MENTAL HEALTH

<http://dmh.co.la.ca.us>

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

Reply To: (213) 738-4601
Fax No.: (213) 386-1297

June 5, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF REQUEST FOR APPROPRIATION ADJUSTMENT FOR
SENATE BILL 90 PAYMENTS TO OUT-OF-STATE AGENCIES
FOR FISCAL YEAR 2002-2003
(ALL SUPERVISORIAL DISTRICTS)
(4 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve the Request for Appropriation Adjustment (Attachment I) for \$3,494,000 for Fiscal Year (FY) 2002-2003. The appropriation increase will provide spending authority to reimburse Out-Of-State Child Placement service providers for contracted services to seriously emotionally disturbed (SED) children/adolescents who reside throughout the County of Los Angeles and are placed in out-of-state education and mental health treatment facilities. The \$3,494,000 is fully funded with prior year Early Periodic Screening and Diagnostic Treatment (EPSDT) – State General Funds (SGF) Settlement Funds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

In 1984 the California legislature enacted Assembly Bill (AB) 3632 in order to maximize and coordinate the provision of services to handicapped children. The County's intermediary role between contracted service providers and the State for AB 3632 mental health services for severely emotionally disturbed (SED) children is achieved through the Senate Bill (SB) 90 reimbursement process. This process was designed to enable local governments to recover from a net financial injury that results from this State mandated program.

This Board letter deals only with the funding of Out-of-State Child Placement Mental Health Service Agreements. These payments are claimable by the County through the State's SB 90 mandated claim process. Funding for SB 90 claims for contractors located in Los Angeles County will be dealt with separately. This is because the placement contracts are legally different than the in-State SB 90 related contracts in that there are no contractual terms and conditions in the out-of-state contracts pertaining to SB 90 and payment restrictions, and County's current Out-of-State Child Placement Mental Health Service Agreements require payment without consideration of whether the State has paid or not.

In the past your Board has approved three (3) Purchase Orders and nineteen (19) Out-of-State Child Placement Mental Health Service Agreements (see Attachment II), pursuant to Government Code 7576, Chapter 654, Statute of 1996, and Welfare and Institutions Code 300, Sections A through J. The purpose of the agreements is to compensate contractors who provide services to SED children/adolescents who reside throughout the County of Los Angeles and are placed in out-of-state education and mental health treatment facilities because they have either failed in multiple local residential treatment programs or have been refused admission by multiple programs in California. Such out-of-state services are available on a twenty-four (24) hour, seven (7) days per week basis during the term of the agreements.

The Board approved \$20.3 million in appropriation for the AB 3632 program; the entire appropriation was funded with State SB 90 revenues that have failed to materialize. Your Board authorized the Chief Administrative Officer to establish a County General Fund reserve to temporarily backfill the SB 90 funds. Of the \$20.3 million appropriation, \$2.7 million is for these out-of-state placements for FY 2002-2003. However, it is projected that for FY 2002-2003, payments for out-of-state placements will exceed \$6,194,000, and an additional \$3,494,000 appropriation (see Attachment I) is being requested. The original \$2.7 million appropriation was funded as part of the Board approved SB 90 budgeted revenues of \$20,345,000 that will not materialize in FY 2002-2003.

While the \$3,494,000 will be included in the County's FY 2002-2003 SB 90 mandated claim filed with the State, State payment will most likely not be within a twelve (12) month period and temporary alternative funding for the requested additional appropriation as discussed below in the Financing paragraph will be accessed.

Implementation of Strategic Plan Goals

The recommended Board actions are consistent with the County's Fourth Goal – "Fiscal Responsibility" and Fifth Goal – "Children and Families' Well-Being" within the

Countywide Strategic Plan. DMH will be able to make payments to out-of-state contract providers, which will allow for continued and uninterrupted services rendered to Los Angeles County beneficiaries who reside in out-of-state residential facilities.

FISCAL IMPACT/FINANCING

There is no increase in net County cost (NCC). The appropriation of \$3,494,000 is fully funded with FY 2001-2002 EPSDT State General Funds (SGF).

Since the County serves as the fiscal intermediary between contractors and the State, State SB 90 funds may eventually, under current State law, fund this request of \$3,494,000. However, such SB 90 payment will not occur in FY 2002-2003 or most likely in FY 2003-2004, necessitating DMH to find alternative fund sources other than additional NCC.

The Department has received \$21.7 million of prior FY 2001-2002 EPSDT-SGF revenues (monies have been recorded in DMH's Prior Year Revenue Account, revenue source 9963) that will be recognized in FY 2002-2003. A portion of the \$21.7 Million revenue that is available for other uses will be used to fund the requested appropriation. Because of the twelve (12) month revenue recognition period, the Department did not earlier recognize these funds. They can now be recognized because County collection efforts with the State resulted in receipt of the funds earlier than originally expected from the State.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

DMH has three Purchase Orders and nineteen Out-of-State Child Placement Mental Health Service Agreements to compensate contractors who provide services to SED children/adolescents who reside throughout the County of Los Angeles and are placed in out-of-state education and mental health treatment facilities because they have either failed in multiple local residential treatment programs or have been refused admission by multiple programs in California. DMH originally set aside \$2.7 million of the AB 3632 in its FY 2002-2003 budget to reimburse the three Purchase Orders and nineteen out-of-state contractors; the \$2.7 million has been exhausted for actual rendered services. An additional \$3,494,000 has been projected that will be needed to reimburse the nineteen out-of-state contractors for services delivered in FY 2002-2003 in excess of the original planned budgeted level.

Serving as the intermediary between the contractors and the State, the County does not expect to receive any SB 90 funds from the State before the end of FY 2003-2004 needed to fund the additional \$3,494,000 in claims. Therefore, the Department proposes to use revenues from various settlements, specifically EPSDT-SGF, with the State to fund the additional \$3,494,000 in out-of-state placements costs.

CONTRACTING PROCESS

Per Attachment I, three (3) Purchase Orders and nineteen (19) contractors have existing Out-of-State Child Placement Mental Health Service Agreements with the County.

IMPACT ON CURRENT SERVICES

Your Board approval of this request will enable DMH to make payments to contract providers and will allow for continued and uninterrupted services rendered to Los Angeles County beneficiaries who reside at out-of-state residential facilities by these out-of-state contractors.

CONCLUSION

The Department of Mental Health will need one (1) copy of the adopted Board action. It is requested that the Executive Officer, Board of Supervisors, notify the Department of Mental Health's Contracts Development and Administration Division at (213) 738-4684 when this document is available.

Respectfully submitted,



Marvin J. Southard, D.S.W.
Director of Mental Health

MJS:AW:RK:VA

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Office, Board of Supervisors
Auditor-Controller
Chairperson, Mental Health Commission

ATTACHMENT I

BOARD OF
SUPERVISORS
OFFICIAL COPY

76R 352M (11/83)

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPARTMENT OF MENTAL HEALTH

DEPT'S.
NO. 435

19

AUDITOR-CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

4-Votes

Sources:

Department of Mental Health
Other State Aid - Health
(EPSDT-State)
A01-MH-20500-8771
\$3,494,000

Uses:

Department of Mental Health
Services & Supplies
A01-MH-20500-2000
\$3,494,000

This adjustment is requested for the reimbursement of Out of State Providers for contracted services. The adjustment is fully funded with prior year EPSDT-State General Funds. There is no net County cost.


MARVIN J. SOUTHARD, D.S.W.

Director of Mental Health

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF
ADMINISTRATIVE OFFICER FOR —

ACTION

RECOMMENDATION

APPROVED AS REQUESTED

AS REVISED

6/4/03

19

CHIEF ADMINISTRATIVE OFFICER

AUDITOR-CONTROLLER

BY

APPROVED (AS REVISED):
BOARD OF SUPERVISORS

19

NO. 271

JUNE 4 2003

BY

DEPUTY COUNTY CLERK

SEND 5 COPIES TO THE AUDITOR-CONTROLLER

**LOS ANGELES COUNTY-DEPARTMENT OF MENTAL HEALTH
PROVIDER REIMBURSEMENT UNIT
OUT OF STATE CONTRACT/PURCHASE ORDER EXPENDITURE SUMMARY
FISCAL YEAR 2002-2003
JULY 02-JAN.03 (ACTUAL),FEB.03-JUNE 03(PROJECTED)**

ATTACHMENT II

ORIGINAL ENCUMBRANCE:27,700,000

PROVIDERS NAME	JULY 2002	AUGUST 2002	SEPTEMBER 2002	OCTOBER 2002	NOVEMBER 2002	DECEMBER 2002	JAN. 2003	PROJECTED FEB.2003	PROJECTED MAR.2003	PROJECTED APR.2003	PROJECTED MAY.2003	PROJECTED JUNE.2003	YTD TOTAL (ROUND TO 1,000)
PURCHASE ORDERS													
Cannon Hills 770 East St. George Blvd. St. George, Utah 84770				3,774	3,774	3,774	3,774	3,774	3,775	3,630	3,630	3,630	33,635
Aspen Health Services 2000 West Dry Valley Log, Utah 84747	5,714	5,714	5,714	5,714	5,714	5,714	5,716		21,200	21,200	21,200	21,200	124,800
Ut.Tex. Inc. dba Vista Adolescent Treatment Center P.O. Box 69 8255 West 2700 South Magna, UT 84044													5,535
CONTRACTS													
Cathedral Home for Children P.O. Box 520 Laramie, Wyoming 82070-0520	0	0	0	0	0	0	2,170	2,200	2,200	2,200	2,200	2,200	13,170
Colorado Boys Ranch 28071 Highway 109 P.O. Box 681 La Junta, Colorado 81050	21,793	23,802	24,103	29,125	38,063	47,805	49,813	53,936	58,000	62,000	66,000	50,000	524,540
Dwyer Residential, Inc. 3941 County Road 895 Menard, Texas 77578	14,880	14,720	0	12,400	12,000	24,400	12,400	14,900	14,900	14,900	14,800	14,900	165,300
Devereux Arizona Treatment Network 6436 E. Sweetwater Avenue Scottsdale, Arizona 85254	4,309	4,039	2,426	1,674	1,728	3,132	1,674	2,788	3,000	3,000	3,000	3,000	33,770
Devereux Cleo Wallace 7100 E. Bellevue Avenue, Suite 210 Englewood, Colorado 80111	35,433	0	88,773	51,689	53,340	58,420	60,833	63,862	69,000	74,000	77,000	82,000	714,350
Devereux Glenholme 81 Sabbath Lane Washington, Connecticut 06793	0	0	0	0	0	0		0	0	0	0	0	0
Devereux Texas Treatment Network 1150 Devereux Drive League City, Texas 77573	131,425	141,257	159,435	171,550	179,046	187,752	190,538	198,987	208,000	217,000	226,000	235,000	2,246,090
Emily Griffin Center 8745 W. 14th Avenue, Ste. 230 Lakewood, Colorado 80215	2,263	0	2,263	4,452	0	4,452	2,263	2,287	2,300	2,300	2,300	2,400	27,280
Excelsior Youth Center 15001 E. Oxford Avenue Aurora, Colorado 80014	20,403	20,544	21,016	21,392	22,005	25,162	23,419	25,189	25,200	25,200	25,200	25,300	280,030
Forest Heights Lodge P.O. Box 789 Evergreen, Colorado 80437-0789	4,812	4,812	4,657	4,812	4,657	4,191	3,208	4,783	4,800	4,800	4,800	4,800	55,130
Heritage Schools, Inc. 5600 N. Heritage School Dr. Provo, Utah 84604	47,457	44,510	39,733	39,327	40,902	42,274	46,999	47,898	47,500	47,500	47,500	47,500	539,100
Intermountain Children's Home & Services 500 S. Lamborn Helena, Montana 59601	4,734	3,919	3,054	3,156	3,054	3,156	3,767	3,981	4,000	4,000	4,000	4,000	44,820
Island View Academy 2650 W. 2700 South Syracuse, Utah 84075	15,989	16,880	16,335	16,830	13,563	13,365	11,633	15,986	16,000	16,000	16,000	16,000	184,580

LOS ANGELES COUNTY- DEPARTMENT OF MENTAL HEALTH
PROVIDER REIMBURSEMENT UNIT
OUT OF STATE CONTRACT/PURCHASE ORDER EXPENDITURE SUMMARY
FISCAL YEAR 2002-2003
JULY 02-JAN.03 (ACTUAL), FEB. 03-JUNE 03 (PROJECTED)

ATTACHMENT II

ORIGINAL ENCUMBRANCE \$2,700,000													
PROVIDERS NAME	JULY 2002	AUGUST 2002	SEPTEMBER 2002	OCTOBER 2002	NOVEMBER 2002	DECEMBER 2002	JAN. 2003	PROJECTED FEB. 2003	PROJECTED MAR. 2003	PROJECTED APR. 2003	PROJECTED MAY 2003	PROJECTED JUNE 2003	TOTAL (Rounded to 1,000)
Lake Grove School	0	0	0	0	0	0	0	0	0	0	0	0	0
Mental Health Systems, Inc. (Provo Canyon School) P.O. Box 1441	83,785	82,085	77,870	85,540	93,405	103,155	95,680	98,949	100,000	100,000	100,000	100,000	1,121,479
Provo, Utah 84601	0	0	0	0	0	0	0	0	0	0	0	0	0
Secret Harbor School	0	0	0	0	0	0	0	0	0	0	0	0	0
The Parkway School	2,179	1,406	1,336	1,617	1,828	984	2,882	2,900	2,900	2,900	2,900	2,950	26,780
162 Egypt Way Norristown, PA 19403-3090	858	811	763	858	658	811	763	819	850	860	860	860	9,780
The Learning Clinic	0	0	0	0	0	0	0	0	0	0	0	0	0
Route 169 - P.O. Box 324 Brooklyn, Connecticut 06234	3,782	3,111	3,050	3,782	3,680	3,782	3,782	3,781	3,800	3,800	3,800	3,800	43,930
Yellowstone Boys & Girls Ranch 1732 S. 72nd Street West Billings, Montana 59106-3589	399,814	367,619	450,527	457,792	477,406	532,428	521,313	548,020	587,425	605,290	621,290	625,075	6,194,000
ENCUMBRANCE BALANCE	2,300,186	1,932,567	1,482,040	1,024,248	546,642	14,413	(506,900)	(1,054,920)	(1,642,345)	(2,247,638)	(2,868,325)	(3,484,000)	